

**CIRCULAR NO. A-11**  
**PART 3**

**PLANNING, BUDGETING, AND  
ACQUISITION OF CAPITAL ASSETS**



**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
JULY 2001**

**SECTION 300 -- PLANNING, BUDGETING, ACQUISITION AND MANAGEMENT OF  
CAPITAL ASSETS**

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Ex-300 Capital asset plan

Appendix 300A: Principles of Budgeting for Capital Asset Acquisitions

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**Summary of Changes**

Summarizes OMB's policy for planning, acquisition and management of capital assets (sections 300.3 and 300.5).

Provides instructions for electronic submission of exhibit 300 (section 300.9).

Deletes exhibit 300A and incorporates funding information (full or incremental) into the new exhibit 300, Capital Asset Plan.

Adds a new section to exhibit 300 part I, "Project Description" and expands part II to add privacy and the requirements of the Government Information Security Reform Act.

**300.1 What is the purpose of this section?**

Part 3 of this Circular establishes policy for planning, budgeting, acquisition and management of Federal capital assets, and instructs you on budget justification and reporting requirements for major acquisitions. OMB provides procedural and analytic guidelines for implementing specific aspects of these policies as appendices and supplements to this Circular and in other OMB Circulars.

### **300.2 Does this section apply to me?**

The policy and budget justification and reporting requirements in this section apply to all agencies of the Executive Branch of the government that are subject to Executive Branch review (see section 27.1).

### **300.3 What background information must I know?**

The Federal Government must effectively manage its portfolio of capital assets to ensure that scarce public resources are wisely invested. Capital programming integrates the planning, acquisition and management of capital assets into the budget-decision-making process, and is intended to assist agencies improve asset management and to comply with the results-oriented requirements of:

- The Government Performance and Results Act of 1993, which establishes the foundation for budget decision-making to achieve strategic goals in order to meet agency mission objectives. Instructions for preparing strategic plans, annual performance plans and annual program performance reports are provided in Part 2 of this Circular (see section 220.11(d));
- The Federal Managers Financial Integrity Act of 1982, Chief Financial Officers Act of 1990 and Federal Financial Management Improvement Act of 1996, which require accountability of financial and program managers for financial results of actions taken, control over the Federal government's financial resources, and protection of Federal assets. OMB policies and standards for developing, operating, evaluating, and reporting on financial management systems are contained in Circular A-127, *Financial Management Systems* and Section 52 of this Circular;
- The Paperwork Reduction Act of 1995, which requires that agencies perform their information resource management activities in an efficient, effective and economical manner, while the Clinger-Cohen Act of 1996 requires agencies to use a disciplined capital planning and investment control process to acquire, use, maintain and dispose of information technology. OMB policy for management of Federal information resources is contained in Circular A-130, *Management of Federal Information Resources*, and Section 53 of this Circular; and
- The Federal Acquisition Streamlining Act of 1994, Title V (FASA V), which requires agencies to establish cost, schedule and measurable performance goals for all major acquisition programs, and achieve on average 90 percent of those goals. OMB policy for performance-based acquisition management of major acquisition programs is provided in this section.

### **300.4 What special terms must I know?**

**Capital assets** are land, structures, equipment, intellectual property (e.g., software), and information technology that are used by the Federal government and have an estimated useful life of two years or more. Capital assets do not include items acquired for resale in the ordinary course of operations or items that are acquired for physical consumption, such as operating materials and supplies. Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through a lease-purchase or other capital lease (regardless of whether title has passed to the Federal Government); through an operating lease for an asset with an estimated useful life of two years or more; or through exchange. Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under Federal accounting standards. Capital assets do not include grants to State and local governments or other entities for acquiring capital assets (such as

National Science Foundation grants to universities or Department of Transportation grants to AMTRAK) or intangible assets, such as the knowledge resulting from research and development or the human capital resulting from education and training. For more discussion on capital assets, you should consult the *Capital Programming Guide* (June 1997), a Supplement to this Circular.

**Capital planning and investment control** are the same as capital programming. The term comes from the Clinger-Cohen Act of 1996 and generally is used by Chief Information Officers and information resource managers.

**Capital project** means the acquisition of a capital asset. Capital projects may consist of several useful segments.

**Full acquisition** means the procurement and implementation of a capital project or useful segment of a capital project. Full acquisition occurs after all planning activities are complete and the agency's Executive Review Committee or Investment Review Board selects and approves the proposed technical approach and project plan, and establishes the baseline cost, schedule and performance goals for the investment.

**Full funding** means that appropriations -- regular annual appropriations or advance appropriations -- are enacted that are sufficient in total to complete a useful segment of a capital project before any obligations may be incurred for that segment. When capital projects or useful segments are incrementally funded, without certainty if or when future funding will be available, it can result in poor planning, acquisition of assets not fully justified, higher acquisition costs, project delays, cancellation of major projects, the loss of sunk costs, or inadequate funding to maintain and operate the assets. Budget requests for full acquisition of capital assets must propose full funding (see section 31.4).

**Information technology (IT)** is defined in section 53.2.

**Major acquisition** means a capital project that requires special management attention because of its: (1) importance to an agency's mission; (2) high development, operating, or maintenance costs; (3) high risk; (4) high return; or (5) significant role in the administration of an agency's programs, finances, property, or other resources. The agency's documented capital programming process should include the criteria for determining when a project is classified as major. **Major IT system** is defined in section 53.2.

**Performance-based acquisition management** means a documented, systematic, and integrated method for establishing, monitoring, measuring, and reporting planned and actual project or contract cost, and schedule and performance outcomes or benefits. Earned Value is a method of performance-based acquisition management. A performance-based management system must be used in order to comply with the requirements of FASA, Title V.

**Planning** means preparing, developing or acquiring the information you will use to design the project; assess the benefits, risks, and risk-adjusted life-cycle costs of alternative solutions; and establish realistic cost, schedule, and performance goals before either proceeding to full acquisition of the capital project or useful segment or terminating the project. Planning must progress to the point where you are ready to commit to achieving specific goals for the completion of the acquisition. Information gathering activities may include market research of available solutions, architectural drawings, geological studies, engineering and design studies; and prototypes. Planning is a useful segment of a capital project. Depending on the nature of the project, one or more planning segments may be necessary.

**Useful segment** means an economically and programmatically separate component of a capital project that provides a measurable performance outcome for which the benefits exceed the costs, even if no further funding is appropriated.

Additional terms and definitions are included in the Glossary in Appendix 300A, “Principles of Budgeting for Capital Asset Acquisitions.”

### **300.5 How will agencies manage capital assets?**

Agencies must establish and maintain a capital programming process that links mission needs and capital assets in an effective and efficient manner. Effective capital programming requires long-range planning and a disciplined budget decision-making process as the bases for managing a portfolio of assets to achieve performance goals and objectives with minimal risk, lowest life-cycle costs, and greatest benefits to the agency's business. The process will integrate the agency's capital investments; strategic and performance plans prepared pursuant to the Government Performance and Results Act of 1993; financial management plans prepared pursuant to the Chief Financial Officer Act of 1990 (31 U.S.C. 902a5); information resource management plans prepared pursuant to the Clinger-Cohen Act (Pub. L. 104-106, Division E); method for performance-based acquisition management under the Federal Acquisition Streamlining Act of 1994, Title V; and budget formulation and execution processes.

The documented capital programming process defines how an agency will select capital projects included in the agency's capital asset portfolio; how capital projects, once initiated, will be controlled to achieve intended cost, schedule, and performance outcomes; and how the agency will continue to evaluate asset performance to maintain a positive return on investment. A cross-functional executive review committee acting for or with the Agency Head must be responsible for managing the agency's entire capital asset portfolio, making decisions on the best allocation of assets to achieve strategic goals and objectives within budget limits.

The *Capital Programming Guide* provides guidance on the principles and techniques for effective capital programming. Appendix 300A of this Part explains the principles of financing capital asset acquisitions. Section 8b of OMB Circular A-130 establishes additional requirements for enterprise architectures, planning and control of information systems and technology investments and performance management. Agencies must develop, implement and use a capital programming process to develop their capital asset portfolio, and must:

- Evaluate and select capital asset investments that will support core mission functions that must be performed by the Federal government and demonstrate projected returns on investment that are clearly equal to or better than alternative uses of available public resources;
- Initiate improvements to existing assets or acquisitions of new assets only when no alternative private sector or governmental source can more efficiently meet the need;
- Simplify or otherwise redesign work processes to reduce costs, improve effectiveness, and make maximum use of commercial services and off-the-shelf technology;

- Reduce project risk by avoiding or isolating custom designed components, using components that can be fully tested or prototyped prior to full implementation or production, ensuring involvement and support of users;
- Structure major acquisitions into useful segments with a narrow scope and brief duration, make adequate use of competition and appropriately allocate risk between government and contractor. The agency head must approve or define the cost, schedule and performance goals for major acquisitions, and the agency's Chief Financial Officer must evaluate the proposed cost goals;
- Institute performance measures and management processes that monitor and compare actual performance to expected results. Agencies must use a performance-based acquisition management system to obtain timely information regarding the progress of capital investments. The system must also measure progress towards milestones in an independently verifiable basis, in terms of cost, capability of the investment to meet specified requirements, timeliness, and quality. Agencies must achieve, on average, 90 percent of the cost, schedule and performance goals for major acquisitions. Agency heads must review major acquisitions that are behind schedule, over budget, or not in compliance with performance or capability requirements to determine whether there is a continuing need and what corrective action, including termination, should be taken;
- Ensure that information technology systems conform to the requirements of OMB Circular No. A-130, "Management of Federal Information Resources;"
- Ensure that financial management systems conform to the requirements of OMB Circular No. A-127, "Financial Management Systems;"
- Conduct post-implementation reviews of capital programming and acquisition processes to validate estimated benefits and costs, and document effective management practices, i.e., lessons learned, for broader use; and
- Establish oversight mechanisms that require periodic review of capital assets to determine how mission requirements might have changed, and whether the asset continues to fulfill ongoing and anticipated mission requirements, deliver intended benefits to the agency and customers, and meet user requirements.

### **300.6 How are capital asset acquisitions funded?**

#### *(a) Background.*

Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account when decisions are made about providing resources. For most spending on acquisitions, this rule is followed throughout the Government. When capital assets are funded in increments, without certainty if or when future funding will be available, it can and occasionally does result in poor planning, acquisition of assets not fully justified, higher acquisition costs, project delays, cancellation of major projects, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

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*(b) Full funding policy.*

The full funding policy (see section 31.4) requires that each useful segment (or module) of a capital project be fully funded with either regular annual appropriations or advance appropriations. For definitions of these terms, see section 300.4 or the Glossary to Appendix 300A. Appendix 300A elaborates on the full funding concept (see the Principles of Financing section).

For the initial budget submissions, you are required to request full budget authority for all ongoing and new proposals for capital assets covered in (c) below, or at least for each useful segment of a capital project.

Identify in the initial budget submission any additional budget authority required to implement full funding for existing projects. Adjustments to your planning guidance levels will be considered based on your budget submissions.

*(c) Coverage of full funding policy.*

The full funding policy applies to all capital assets as defined in section 300.4.

**300.7 What is exhibit 300 and how is it organized?**

The information you report on exhibit 300 helps OMB:

- Understand your agency's capital programming and investment decision-making processes;
- Ensure that spending on capital assets directly supports your agency's mission and will provide a return on investment equal to or better than alternate uses of funding;
- Identify poorly performing projects, i.e. projects that are behind schedule, over budget, or lacking in capability; and
- Identify capital assets that no longer fulfill ongoing or anticipated mission requirements or do not deliver intended benefits to the agency or its customers.

Exhibit 300 consists of three parts, each of which is designed to collect information that will assist OMB during budget review. Agencies must review their portfolio of capital assets each year to determine whether it continues to meet agency mission needs reconciled with existing capabilities, priorities and resources. Capital asset investments should be compared against one another, rated and ranked using decision criteria (such as investment size, complexity, technical risk, expected performance benefits or improvement) to create a prioritized portfolio. You should request funding only for priority capital asset investments that demonstrate compliance with the requirements for managing capital assets described in this section and the agency's capital programming process. As a general presumption, OMB will only consider recommending for funding in the President's budget, priority capital asset investments that comply with the policies for good capital programming described in section 300.5.

New projects must be well justified and provide risk-adjusted cost and schedule goals and measurable performance benefits. On-going projects that are still in the planning or full acquisition stages must demonstrate satisfactory progress toward achieving baseline cost, schedule and performance goals. Projects

that are in operation and use must demonstrate that actual annual operating and maintenance costs are consistent with life-cycle estimates, and that level or quality of performance/capability continues to meet agency and user needs.

### **300.8 What other requirements does exhibit 300 fulfill?**

Exhibit 300 is designed to coordinate OMB's collection of agency information for its reports to the Congress required by the Federal Acquisition Streamlining Act of 1994 (FASA) (Title V) and the Clinger-Cohen Act of 1996; to ensure that your acquisition plans support the mission statements, long-term goals and objectives, and annual performance plans that you developed pursuant to the Government Performance and Results Act of 1993 (GPRA); and for IT, to ensure that security, privacy and electronic transactions policies are fully implemented.

### **300.9 What must I report on exhibit 300 and when?**

Capital asset plans are products of your capital programming process and should be developed for all capital asset acquisitions. Capital asset plans for major acquisitions are reported to OMB. You must submit a capital asset plan for each new and on-going major acquisition included in your agency's capital asset portfolio. A major acquisition requires special management attention because of its: (1) importance to an agency's mission; (2) high development, operating, or maintenance costs; (3) high risk; (4) high return; or (5) significant role in the administration of an agency's programs, finances, property, or other resources. Major IT projects must have the concurrence of the Chief Information Officer (see section 53.3 for more information about major acquisitions for information technology or major IT projects). You should consult with your OMB representative to decide which projects should be reported.

Exhibit 300 requires information that demonstrates compliance with the capital programming and capital planning and investment control policies of this section and, for IT, OMB Circular A-130, and justifies new or continued funding for major acquisitions by demonstrating: a direct connection to your agency's strategic plan; a positive return on investment for the selected alternative; sound acquisition (program and procurement) planning; comprehensive risk mitigation and management planning; and realistic cost and schedule goals and measurable performance benefits. Detailed information to substantiate the portfolio of major acquisitions included in your justification will be documented in accordance with your agency's capital programming process. An electronic version of exhibit 300 is available at [www.cio.gov](http://www.cio.gov).

Data on information technology, a subset of data reported in exhibit 300, are also required. (See reporting requirements in section 53.) For information technology, the funding stages for "Planning" plus "Full acquisition" are the same as the "Development/modernization/enhancement" entry described in exhibit 53, and "Maintenance" is the same as "Steady state" in exhibit 53. Detail on information technology reported in exhibit 300 should be aggregated and used to prepare exhibit 53.

The information you must report will depend on whether you are reporting a new capital project or an ongoing project (see the exhibit heading in part I).

If you are reporting a new project, i.e., proposed for BY or later, or are reporting to OMB for the first time, you must complete part I; part II, sections A through D, and, if IT, sections E through G; and part III, sections A and B.



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If you are reporting an ongoing project, i.e., funded in CY or earlier, that is in Planning, Full Acquisition or Maintenance (or, if IT, Development/Modernization/Enhancement or Steady State), you must complete part I; and part III, sections A, B, and D; and sections C and E, if applicable. Submit a revised justification (part II A) only if changed circumstances would affect justification for the project.

Exhibit 300 must be submitted with your initial budget submission, which is due by September 10, 2001 (see section 27.1). For IT projects, you must submit exhibit 300 in electronic format either by e-mailing an electronic version of the exhibit 300 or, if your agency uses I-TIPS, by submitting it directly from I-TIPS. If you choose to e-mail exhibit 300, use the form provided at [www.cio.gov](http://www.cio.gov) and send the completed exhibit to [exhibit300@omb.eop.gov](mailto:exhibit300@omb.eop.gov). The subject line of the e-mail must include the three-digit OMB agency code (see Appendix C in part 1 of this Circular) and the full agency name.

For capital projects other than IT, agencies are encouraged to submit the exhibit 300 electronically, following the same instructions provided above.

You should submit the information requested in part I of the exhibit 300 in the format provided and explained below. The format for parts II and III of the exhibit 300 is illustrative. You may provide the information in a different format, if that is acceptable to your OMB representative and there are no substantive differences in the content.

**EXPLANATION OF EXHIBIT 300: CAPITAL ASSET PLAN**

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**PART I: A. SUMMARY OF PROJECT INFORMATION**

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<b>Entry</b>	<b>Description</b>
Heading	Identify your agency, bureau, account title and identification code (using the OMB agency/bureau code and basic Treasury account symbol), the program activity from the most recent budget Appendix, the name of the project, and the unique project identifier if the acquisition is information technology.  Indicate whether it is a new project proposed in your budget request for BY or later, or whether it is an ongoing project funded in CY or earlier.  Indicate whether the project, or useful segment, is incrementally or fully funded. (If the project is incrementally funded, your OMB representative may request your recommendation for distributing expected future incremental budget authority on a fully-funded basis.)  Indicate whether it was approved by your Executive Review Committee or Investment Review Board; whether the CFO reviewed the cost goals; and whether the Procurement Executive reviewed the acquisition strategy.

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<b>Entry</b>	<b>Description</b>
	<p>Indicate whether it is an information technology (IT) project, as defined in section 53.2. If it is, the following information must be provided by the CIO:</p> <ul style="list-style-type: none"><li>• Indicate whether it is a financial management system, as defined in section 53.2; whether it addresses a Federal Financial Management Improvement Act (FFMIA) compliance area; and, if so, which one.</li><li>• Indicate whether it is covered by the Government Paperwork Elimination Act (GPEA), i.e., supports electronic transactions or recordkeeping, and whether it is included in the agency's GPEA implementation plan or whether it already provides an electronic option.</li><li>• Indicate whether a Privacy Impact Assessment was performed.</li><li>• Indicate whether the security of this project meets the requirements of the Government Information Security Reform Act (GISRA).</li><li>• Indicate whether any weaknesses were identified for this project in the annual program review or independent evaluation.</li></ul>

**B. SUMMARY OF SPENDING**

Summary of spending for project by phases	<p>Provide amounts of budget authority and outlays (in millions of dollars) for the table.</p> <p>For information technology, project phases "Planning" plus "Full acquisition" are the same as the "Development/modernization/enhancement" entry described in exhibit 53, and "Maintenance" is the same as "Steady state" in exhibit 53.</p>
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**C. PROJECT DESCRIPTION**

	<p>Briefly describe (less than ½ page) the general purpose of the project and the expected performance outcome at project completion.</p>
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**PART II. JUSTIFICATION AND OTHER INFORMATION**

A. Justification	<p>Provide a full justification for the capital asset. This should include a clear statement of how the asset will help you meet your agency's mission, accomplish its long term strategic goals and objectives, and adhere to the annual performance plan required by GPRA. The justification should also include other information requested by the OMB representative or important to you, based on the "Principles of Budgeting for Capital Asset Acquisitions" in Appendix 300A.</p>
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Entry	Description
	Additional information requested by the OMB representative may include asset-specific information. For buildings, for example, this could include cost per square foot estimates for comparable Federal and private sector facilities.
B. Program management	Identify whether there is a program manager and contracting officer devoted to the project and provide their names.
C. Acquisition strategy	Specify whether the acquisition will be accomplished via a single contract or several contracts. If several contracts will be used, explain the role of each toward achieving the overall acquisition cost, schedule, and performance goals. What type of contract will you use (e.g., firm fixed-price, fixed-price incentive fee, cost-plus fixed fee) to mitigate or manage program risk? What financial incentives will you use to motivate contractor performance? Specify whether the contract statement of work is performance-based. How will you effectively use competition? If you conducted market research, what were the results? Will you use commercial off-the-shelf (COTS) products, or is custom-developed work necessary?
D. Alternatives analysis and risk management	<p>Summarize the analysis of full life-cycle costs/total costs of ownership (including operations and maintenance); results of cost/benefit analyses, including return on investment; analysis of alternative options and underlying assumptions; and any tangible returns that benefit your agency but are difficult to quantify.</p> <p>Summarize your risk assessment and describe your plans to mitigate or manage project risks.</p> <p>For information technology, address replaced system savings and savings recovery schedule.</p>
E. Enterprise architecture (IT projects only)	<p>Identify whether this project is identified in your agency's enterprise architecture, and if not, why.</p> <p>Explain how this project conforms to your agency's enterprise architecture; technology infrastructure; and the Federal Enterprise Architecture Framework (FEAF). If you do not follow the FEAF, discuss which framework you use.</p>
F. Security and privacy (IT projects only)	Discuss the security plan for the project and: 1) demonstrate that the costs of security controls are understood and are explicitly incorporated in the life-cycle planning of the overall system, including the additional costs of employing standards and guidance more stringent than those issued by NIST; 2) demonstrate how the agency ensures that risks are understood and continually assessed; 3) demonstrate how the agency ensures that the security controls are commensurate with the risk and magnitude of harm; 4) identify additional security controls for systems that promote or permit public access, other externally accessible systems, and those that are

<b>Entry</b>	<b>Description</b>
	interconnected with systems over which program officials have little or no control; 5) demonstrate how the agency ensures the effective use of security controls and authentication tools to protect privacy for those systems that promote or permit public access; and 6) demonstrate how the agency ensures that the handling of personal information is consistent with relevant government-wide and agency policies.
G. Government Paperwork Elimination Act (GPEA) (IT projects only)	If the project will support electronic transactions or recordkeeping that is covered by GPEA, briefly describe those functions, and how this project relates to your agency's GPEA plan. Also identify any OMB Paperwork Reduction Act (PRA) control numbers from information collections that are tied to this project.
<b>PART III: COST, SCHEDULE, AND PERFORMANCE GOALS</b>	
A. Description of performance-based management system (PBMS)	Identify the performance-based management system you will use to monitor the achievement of, or deviation from, baseline goals during the life-cycle of the acquisition and the operation, use, and maintenance of the asset.
B. Original baseline	This is the baseline as first approved by your OMB representative. Even if OMB approves a revised project baseline at a later date, always display the original baseline in this section.
1. Original cost and schedule goals	Show the original baseline cost and schedule goals. The cost and schedule goals should include total costs for the project, important components of the project, and important interim cost projections. It should also show how many months it will take to complete the project and important milestones within that schedule.
2. Original performance goals	List or describe the original baseline measurable performance benefits or goals.
C. Current baseline	If your OMB representative approves any changes or revisions to the original project baseline goals, show the cost, schedule, and performance goals that are now in effect.
1. Cost and schedule goals	The cost and schedule goals should include total costs for the project, important components of the project, and important interim cost projections. It should also show how many months it will take to complete the project and important milestones within that schedule.
2. Performance goals	List or describe the current measurable performance benefits or goals, and indicate whether they are described in the contract statement of work.
D. Actual performance and variance from OMB-approved baseline	Monitoring actual work performed against baseline goals is a year-round activity. Using the information provided by your

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<b>Entry</b>	<b>Description</b>
(original or current)	selected performance-based management system, you should compare the actual work accomplished and costs incurred to the planned work and budget and report on the variance. If you are establishing goals for the first time this year, leave this section blank.
1. Actual cost and schedule performance	Report on the planned and budgeted work that was accomplished and the actual cost of the work completed.
2. Cost and schedule variance	Report on whether the actual work completed is behind the baseline schedule by 10 percent or more or actual costs incurred exceed your planned budget by 10 percent or more. If so, explain the reasons for the variance.
3. Performance variance	Based on actual work accomplished and costs incurred, report on whether you still expect to achieve your baseline performance goals. If not, and you now expect to achieve less than 90 percent of your performance goals, explain the reasons for the variance.
E. Corrective actions	If the current cost, schedule or performance estimates vary from the baseline by 10 percent or more, explain what corrective actions have been or will be taken. Describe the effect the actions will have on cost, schedule, and performance. Explain how the project will be brought back within baseline goals or, if not, how and why the goals should be revised, and whether the project is still cost beneficial and should continue. If you are establishing goals for the first time this year or are reporting no baseline variances, leave this section blank.

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**300.10 What additional information should I know?**

You are encouraged, but not required, to provide additional information on the following or other topics related to improving planning, budgeting, and acquisition of capital assets. These topics may be included in the OMB budget review process on capital assets, which may affect policy decisions on asset acquisition. You are encouraged to raise any issues you consider relevant.

*(a) Lumpiness or spikes.*

Lumpiness or spikes (i.e., large, one-time increases in year-to-year appropriations) may create bias against acquiring assets. Give special attention to these spikes for justified, cost-beneficial acquisitions, keeping in mind that the budget authority and outlay limits under the government-wide discretionary caps will continue to constrain resources. This issue is addressed in Appendix 300A, "C. Principles of Financing."

*(b) Account structure.*

Certain types of accounts may be preferred to help ensure there is no bias against the acquisition of capital assets. You are encouraged to review the account structure to ensure that the most appropriate accounts are

being used for the acquisition of capital assets. This issue also is addressed in Appendix 300A, "C. Principles of Financing."

(1) *Mixed accounts.* Mixed accounts have spending for both operating and capital asset acquisition in the same account, allowing for competition between the two. Demands for one may "crowd out" the other.

(2) *Asset acquisition accounts.* These accounts are devoted exclusively to the acquisition of capital assets. This type of account may be one way of avoiding lumpiness, if there is a roughly similar level of fully-funded budget authority for asset acquisition each year.

(3) *Revolving funds.* These accounts can also avoid lumpiness, depending on how they are structured. They purchase assets that are "rented" to other accounts, so that the accounts and programs using the assets have a roughly steady year-to-year payment.

(c) *Multi-year availability of appropriations.*

You should ensure that the availability of the requested appropriation allows enough time to complete the acquisition process. If the acquisition process requires more than one year, the appropriations should be made available for the number of years necessary (see part 1, section 31.7).

(d) *Other observations.*

You are invited to suggest other methods to improve planning, budgeting, and acquisition of capital assets.

## Capital Asset Plan

## PART I

## A. SUMMARY OF PROJECT INFORMATION

Agency: Department of Government  
 Bureau: Bureau of Capital Assets  
 Account Title: Asset Acquisition  
 Account identification code: xxx-xx-xxxx  
 Program Activity:  
 Name of Project:  
 Unique Project Identifier: (IT only) (see section 53.7)  
 This project is: New\_\_\_\_ Ongoing\_\_\_\_  
 Project/useful segment is funded: Incrementally\_\_\_\_ Fully\_\_\_\_  
 Did the Executive/Investment Review Committee approve funding for this project this year? Yes\_\_\_\_ No\_\_\_\_  
 Did the CFO review the cost goal? Yes\_\_\_\_ No\_\_\_\_  
 Did the Procurement Executive review the acquisition strategy? Yes\_\_\_\_ No\_\_\_\_  
 Is this project information technology (see section 53.2 for a definition)? Yes\_\_\_\_ No\_\_\_\_  
 For information technology projects *only*: (the CIO must review)  
 a. Is this project a financial management system (see section 53.2 for a definition)? Yes\_\_\_\_ No\_\_\_\_  
     If so, does this project address a FFMIA compliance area? Yes\_\_\_\_ No\_\_\_\_  
     If so, which compliance area?  
 b. Does this project implement electronic transactions or recordkeeping? Yes\_\_\_\_ No\_\_\_\_  
     If so, is it included in your GPEA plan? Yes\_\_\_\_ No\_\_\_\_  
 c. Was a privacy impact assessment performed for this project? Yes\_\_\_\_ No\_\_\_\_  
 d. Does the security of this project meet the requirements of the Government Information Security Reform Act (GISRA)? Yes\_\_\_\_ No\_\_\_\_  
 e. Were any weaknesses identified for this project in the annual program review or independent evaluation?  
     Yes\_\_\_\_ No\_\_\_\_

Note: The information requested in part I of the exhibit 300 should be submitted in the format provided. Parts II and III of the exhibit 300 are illustrative formats. This information may be provided in a different format, if it is acceptable to your OMB representative and there are no substantive differences in the content.

## B. SUMMARY OF SPENDING

(In millions)

	PY-1 and earlier years	PY	CY	BY	BY+1	BY+2	BY+3	BY+4 and beyond	Total
Planning:									
Budget authority.....				10	0	0	0	0	10
Outlays.....				7	3				10
Full acquisition: <sup>1,2</sup>									
Budget authority.....						250	0	0	250
Outlays.....						25	75	150	250
Subtotal:									
Budget authority.....				10	0	250	0	0	260
Outlays.....				7	3	25	75	150	260
Maintenance <sup>2</sup>									
Budget authority.....							3	na	na
Outlays.....							3	na	na

<sup>1</sup> Specify whether the data are for a single useful segment or phase of this project, or for several or all segments and phases of this project.

<sup>2</sup> For information technology, the funding stages for "Planning" plus "Full acquisition" are the same as the Development/modernization/enhancement" entry described in exhibit 53, and "Maintenance" is the same as "Steady state" in exhibit 53.

"na" indicates not applicable.

## C. PROJECT DESCRIPTION

Briefly describe (less than 1/2 page) the general purpose of the project and the expected performance

**Capital Asset Plan--Continued**

**PART II: JUSTIFICATION AND OTHER INFORMATION**

**A. Justification**

The need for this capital project should be demonstrated by answering the following questions:

1. How does this investment support your agency's mission and strategic goals and objectives?
2. Is this investment included in your agency's annual performance plan?
3. How does this investment support a core or priority function of your agency?
4. Are there any alternative sources, in the public or private sectors, that could perform this function? If so, explain why your agency did not select one of these alternatives.
5. How will this investment reduce costs or improve efficiencies?

Your OMB representative may request additional asset-specific information. For buildings, for example, this could include cost per square foot estimates for comparable Federal and private sector facilities.

**B. Program management**

Have you assigned a program manager and contracting officer to this project? If so, what are their names?

**C. Acquisition strategy**

Explain how your acquisition strategy will manage or mitigate projects risks:

1. Will you use a single contract or several contracts to accomplish this project? If multiple contracts are planned, explain how they are related to each other, and how each supports the project performance goals.
2. What type(s) of contract will you use (e.g. cost reimbursement, fixed-price, etc.)?
3. Will you use financial incentives to motivate contractor performance (e.g. incentive fee, award fee, etc.)?
4. Will you use competition to select suppliers?
5. Will you use commercially available or COTS products, or custom-designed products?

**D. Alternatives analysis and risk management**

1. Summarize the results of any life-cycle cost analysis performed for this investment, and describe what alternatives you considered and the underlying assumptions.
2. Summarize the results of any benefit/cost or return on investment analysis of alternatives.  
(Describe any tangible returns that will benefit your agency even if they are difficult to quantify.)
3. Describe the results of your risk assessment for this project and discuss your plans to eliminate, mitigate or manage identified risks, e.g. financial, acquisition, technical.
4. For IT, explain replaced system savings and savings recovery schedule.

**E. Enterprise architecture (IT projects only)**

1. Does this project support your agency's current architecture or is it part of a modernization initiative?
2. Explain how this project conforms to:
  - a. your agency's technology infrastructure; and
  - b. the Federal Enterprise Architecture Framework (FEAF), if used for this project. If you are not following the FEAF, explain why and describe which framework you are using.

**F. Security and privacy (IT projects only)**

**NOTE:** Referring to security plans or other documents is not adequate.

Discuss the security plan for this project and:

1. demonstrate that the costs of security controls are understood and are explicitly incorporated in the life-cycle planning of the overall system, including the additional costs of employing standards and guidance more stringent than those issued by NIST;
2. demonstrate how the agency ensures that risks are understood and continually assessed;
3. demonstrate how the agency ensures that the security controls are commensurate with the risk and magnitude of harm;
4. identify additional security controls for systems that promote or permit public access, other externally accessible systems, and those that are interconnected with systems over which program officials have little or no control;
5. demonstrate how the agency ensures the effective use of security controls and authentication tools to protect privacy for those systems that promote or permit public access; and
6. demonstrate how the agency ensures that the handling of personal information is consistent with relevant government-wide and agency policies.

**G. Government Paperwork Elimination Act (GPEA) (IT projects only)**

If this project supports electronic transactions or recordkeeping, briefly describe the transaction or recordkeeping functions and how this investment relates to your agency's GPEA plan. Identify any OMB Paperwork Reduction Act control numbers from information collections that are tied to this investment.



**Capital Asset Plan--Continued****PART III: COST, SCHEDULE, AND PERFORMANCE GOALS****A. Performance-based management system (PBMS):**

Which performance-based management system will you use to monitor and manage contract or project progress?

**B. Original baseline (OMB-approved at project outset):**

Using the format of your selected PBMS, provide the following:

1. What are the cost and schedule goals for this segment or phase of the project?  
[i.e., what are the major project milestones or events; when will each occur; and what is the estimated cost to accomplish each one?]
2. What are the measurable performance benefits or goals for this segment or phase of this project?  
[What are the measurable performance improvements or efficiencies that you expect to achieve with this project?]

**C. Current baseline (applicable *only* if OMB approved the changes):**

Using the format of your selected PBMS, provide the following:

1. What are the cost and schedule goals for this segment or phase of the project?
2. What are the measurable performance benefits or goals for this segment or phase of this project?

**D. Actual Performance and Variance from OMB-approved baseline:**

1. Actual cost and schedule performance. Using the information from your PBMS, explain:
  - a. What work you planned (scheduled) to accomplish and how much you budgeted to complete the work.
  - b. What work you actually accomplished and how much you actually spent.
2. Cost and schedule variance. If either the actual work accomplished or costs incurred vary from your baseline goals by 10 percent or more, explain:
  - a. The variance between planned and actual costs or planned and actual schedule, expressed as a percentage of the baseline goal.
  - b. The reason for the variance.
3. Performance variance. Explain whether, based on work accomplished to date, you still expect to achieve your performance goals. If not, explain the reasons for the variance.

**E. Corrective actions:**

If actual work accomplished or costs incurred to date vary from the planned baseline goals by 10 percent or more, explain:

- a. What you plan to do, if anything, to correct project performance.
- b. What effect your action will have on overall project cost, schedule and performance benefits.